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AUTHOR Fischel, William A.
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ABSTRACT

This article offers an explanation and economic rationale for the failure of vouchers to be generally accepted by the public, suggesting that public schools are in fact a local public good. The reason economists fail to notice this is they look exclusively to the educational activity of the schools. Education is actually a private good, being both rival in its consumption and excludable in its provision. Its only arguable "publicness" stems from the benefits that cannot be appropriated by the person educated. These spillovers are best internalized by state and national subsidies to private education. The publicness of public schools accrues largely to the parents of schoolchildren and to other adult community residents. Having children in a local school enables voters to get to know one another better, which in turn reduces the transaction costs of providing other local public goods. Community-specific social capital makes it easier for residents to round up others to oppose the "ugly" building proposed in their neighborhood or to lobby the city council to build a bypass to alleviate local traffic congestion. This benefit cannot usually be obtained from private education because private schools have a geographically dispersed clientele, living in different political jurisdictions. Vouchers would disperse students from their communities and thereby lower the community-specific capital of adult residents. (Contains 40 references.) (Author/SM)

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An Economic Case Against Vouchers:
Why Local Public Schools Are a Local Public Good

For Public Choice Society Meetings, San Diego, California,
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William A. Fischel
Professor of Economics
Dartmouth College
6106 Rockefeller
Hanover, NH 03755
office: (603) 646-2940
Bill.Fischel@Dartmouth.Edu
dept. fax: (603) 646-2122
www.dartmouth.edu/~wfischel/

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Abstract: This article offers an explanation and an economic rationale for the failure of vouchers to be generally accepted by the public. I submit that public schools are in fact a local public good. The reason economists have failed to notice this is that they have looked exclusively to the educational activity of the schools. Education is actually a private good, being both rival in its consumption and excludable in its provision. Its only arguable "publicness" stem from the benefits that cannot be appropriated by the person educated, and these spillovers are best internalized by state and national subsidies to private education.

The publicness of public schools accrues largely to the *parents* of school children and to other adult residents of the community. Having children in a local school enables voting adults to get to know one another better, which in turn reduces the transaction costs of providing other local public goods. Community-specific social capital makes it easier for adult residents to round up others to oppose the ugly building proposed in their neighborhood or to lobby the city council to build a by-pass to alleviate local traffic congestion. This benefit cannot usually be obtained from private education because such schools have a geographically dispersed clientele who live in different political jurisdictions. Vouchers would disperse students from their communities and thereby lower the community-specific capital of adult residents.

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"And a little child shall lead them." Isaiah 11:6

In previous work I have criticized the court-ordered movement that seeks to centralize school finance. I have gone so far as to argue that this has caused property tax revolts and reduced the quality of education (Fischel 1996; 2001, chap. 6). In this note, I address a different reform, that of vouchers. My enterprise here is to explain why vouchers have not gone very far. The reason is, I submit, that vouchers undermine the system that makes local public schools a true local public good.

§1. The Puzzle of Local Public Schools.

Why are American K-12 schools provided in the local public sector and made equally available to all who reside in the community? The economics profession has long been perplexed by this question. Schooling is often used as an example of a local public good, but most economists who reflect on it admit that it fits poorly into the technical definition of public goods. A public good is one that is subject to the nonexclusion principle or possesses the nonrival quality: An entrepreneur who seeks to profit by selling views of his overhead fireworks display will find he cannot *exclude* people who won't pay, and those who refuse to pay but enjoy watching can assuage their consciences by noting that their viewing the display does not subtract from ("is not *rival* with") anyone else's ability to see it.

But formal education has neither of these qualities. It is entirely possible to exclude nonpaying consumers of education, as is established by the existence of a robust private school system and the euphemistic "school censuses" that good public-school districts undertake to root out students who falsely claim residence. That education is rival is evident from the continuing concern about class size. Bigger classes (more student-consumers) do detract, at plausible margins, from the education of others.

The economics literature falls back on two arguments for the publicness of public schools. The older is that there are spillover benefits to education that cannot be captured by those who are educated. The productivity of most workers is enhanced

by the greater education of some. Whether this is true remains a matter of some debate. Years of education is closely correlated with lifetime earnings, suggesting internalization of much of the benefits of schooling. Even if we concede that there are uncaptured spillover benefits, however, it does not justify more than a subsidy to education. It does not explain why its *production* should be in the public sector, let alone the *local* public sector.

The other, more recent efficiency argument has to do with an inefficiency in the capital market (Benabou 1996). Because human capital cannot serve as its own security (at least since the Thirteenth Amendment), it is too costly for students or their parents to borrow against the future income that will result from educational investments. But again, even if this incomplete capital market is conceded, it argues for no more than a publicly financed subsidy to education, not for public provision. And both this and the previous case for education subsidies (the spillover benefits) would argue for national public financing of education, not local or even state funding, and certainly not local provision.

Just so, say American policy entrepreneurs of both the left and the right. The left finds in this argument a powerful argument against *local financing* of education. Uniform funding by as high a level of government as possible is desirable both to internalize the spillover benefits of education, which surely accrue to a wider area than just a single locality. The inefficiencies of the human-capital market require raising funds through national taxes to redistribute wealth through public education, assuming, as is reasonable, that capital constraints are more severe for the poor than the rich. Nearly everyone agrees that redistributive taxes are best undertaken by the national government, whose burdens can least easily be escaped by migration to lower-tax jurisdictions.

The political-right side of this argument might quibble about the extent of redistribution that is necessary, but its real beef with the left is about *public provision* of education. The right seeks to provide this good by simply subsidizing consumers' shopping for private schools. Voucher advocates argue chiefly for the benefits of competition that they see as being primarily in the private sector. Although there is sometimes a nod to Tiebout-style competition among local public school districts

from this quarter (Hoxby 2000), the main difference between the left and right among education reformers is whether the higher-government funds ought to be distributed to state-run schools or (via vouchers) to privately run schools. Neither side has much use for locally funded, locally run public schools.

Yet the public thinks otherwise. They vote with their feet for local schools, as is evidenced from the fact that improving local public schools almost always raises house values (Black 1999; Haurin and Brasington 1996). They vote at the ballot box, too, rejecting both conservative proposals to adopt state-funded voucher plans (Ryan and Heise 2002, at n. 223) and liberal proposals to centralize financing of public education (Fischel 2001, p. 118). Nobody loves local public schools but the people.

I think that the people are right and the economists are wrong. Economists have simply been unable to see the reasons that local public schools are a local public good. The reason for their failure is that they have been looking at school children instead of their parents and other adult community members. The local-publicness of education is to be found among those who do not consume education directly.

§2. Why Have *Serrano* and Proposition 13 Not Induced Vouchers?

The odd thing about local public schools is that, prior to the centralization movement, Americans had figured out a way to provide them like private goods. Given fixed municipal boundaries, a highly regulated supply of housing (by zoning), and a mobile population (ala Tiebout 1956), local pubic schools were converted into essentially private goods (Hamilton 1972). In order to get the benefits of the schools, you had to buy a home in the community whose property taxes covered the cost of education. You could not shirk from the property-tax burden by buying a less valuable home or subdividing an existing structure; local land use regulations would not permit it (Fischel 1992). Local schools, though in the public sector, became more like a private good. Tuition for education quality differentials was extracted in the housing market, not at the schoolhouse door. Since education is in fact a private good at the local level, this is efficient.

Yet even those of us who think this system describes a large part of reality (to wit, the suburbs and small cities where most people live), this begs a question. If

that's all there is to public education, why don't those same voters — a healthy majority in most states — just abolish public schools and vote instead for mandatory attendance at an approved private school, subsidized by vouchers if need be? Why go to all that trouble of fiscal zoning and endure the location distortions of having to shop for both a home and a school district (Yinger 1982)?

Yet localism continues to thrive, even in the face of concerted attacks and reasonable alternatives. The bottom-up system of local schooling has been attacked by a thirty-year movement to centralize the funding of public education (Heise 1998; Joondeph 1995). After voters in several states had soundly rejected the centralizers' proposed reforms in the late 1960s, reformers took their cause to the courts (Carrington 1973). Since the early 1970s, legal reformers have fought a war of attrition against localism in education.

The earliest and most sweeping victory was obtained in California in Serrano v. Priest, 96 Cal. Rptr. 601 (1971). Its 1976 remedy required that variations in local property-tax bases could not be the basis (as they surely were prior to the decision) for variations in school spending. Compliance with this edict by California's legislature transformed the school component of the property tax from a fee-for-service to a deadweight loss (Fischel 1989). The voters obliged the court by cutting the property tax in half in Proposition 13 in 1978, shipping the responsibility for school funding to the state. The state legislature, however, has found itself unable or unwilling to replace those locally-generated funds, and California's schools soon fell from being among the best in the nation to being among the worst (Schrag 1998; Sonstelie, Brunner, and Ardon 2000).

In a post-*Serrano*-and-Proposition-13 world, California voters should have found vouchers an attractive option. Since public funds had to be more or less equally distributed among public school children, no district could spend more than any other. Thus the supposed advantages of local schools for the rich suburbs should have disappeared. Voters in those places should have been able to see the light of a voucher system. Yet well-funded voucher initiatives in California were soundly rejected in 1993 and 2000 (Brunner, Sonstelie, and Thayer 2001). They have been most soundly rejected where local public schools have maintained their higher

quality in the face of fiscal constraints. Community residents have managed to use private funds and a jury-rigged system of fees and "parcel taxes" to supplement Sacramento's meager offerings (Brunner and Sonstelie 1997).

But why do California communities go to this kind of trouble to resuscitate local public schools? Why not just transfer their collective fund-raising abilities to private schools? Why do they still like public schools so much?

§3. The Answer Is Community-Specific Social Capital

Here's how I found out why voters still prefer public schools, even when they are as bad as they are in California. I spent a sabbatical year in Berkeley, California, in the academic year 1991-92. My son and only child was entering the eighth grade. Before going, I called friends in Berkeley who had children around that age, and I found that *none* of them sent their children to a public middle school in Berkeley. My wife and I decided instead to send our son to a tiny private school that happened to be just a block from the home we rented.

It looked perfect. But as the year progressed, we noticed something odd. We weren't getting to know very many people in the neighborhood. During a previous leave at UC Santa Barbara in 1985-86 (you notice a pattern), when our son was in second grade, he attended a nearby public school and we had no trouble getting to know people in the area. But in Berkeley, all but our immediate neighbors remained strangers to us.

After a few months in Berkeley, we figured out what was different. Our son's schoolmates were drawn from all over the East Bay area. Indeed, the school (now defunct) had the grandiose name of East Bay Junior Preparatory School. Josh's school friends went home after school to widely-spaced communities, and he seldom visited with them except for special, parent-arranged events. We got to know some of those parents on those occasions, but, since only two of Josh's schoolmates lived in the neighborhood, we did not get to know people in Berkeley very well. The publicness of local public schools, I submit, is that they enable *parents* to get to know the other members of their community.

What's so important about that? More precisely, where's the nonexcludable, nonrival aspect of knowing your neighbors? It is that public schools increase the community's "social capital," to invoke a term given wide currency by Robert Putnam (2000). Social capital, as I will use it, is one's network of friends and acquaintances in a community. When bottom-up collective action is necessary, having established a network of trustful relationships makes it much easier to organize and get the job done.

The social capital I am concerned with is what I call "community-specific social capital." It is not just all the people you know, but the people you know within a given political community. Community-specific social capital facilitates collective action. If you know and trust others in your community, it is easier to get them to sign a petition to do something about the dangerous intersection. It is easier to round up members of the community to oppose an adverse land-use proposal. It is more likely that neighbors will report a suspicious stranger entering your house if they know something about your life.

I emphasize that the public benefits — creating community-specific social capital — of public schools accrue mainly to a bottom-up view of local government. They do not help much for top-down government. Organized community groups are often the bane of bureaucrats and social planners. The neighborhoods are always interfering with the execution of regional plans and the placement of public facilities. They get in the way of school experiments like open classrooms and "whole language" reading. They insist that police pay attention to graffiti and excessive noise instead of just the major crimes that cops get promotions for solving.

§4. How Vouchers Undermine Local Social Capital

The publicness of local public schools is an argument against vouchers in the following sense. By enabling parents to select schools outside their communities and outside of local public supervision, vouchers work against the neighborhood and community network that are the bedrock of bottom-up provision of local public goods. Community-specific social capital is more difficult to form if members of the community send their children to schools in other communities.

One might suppose that parents with vouchers would realize this and try to convince others in their neighborhood to select a voucher-receiving private school within their community. The costs of doing so, however, are unlikely to be undertaken by any single person. After all, if getting to know your not-so-near neighbors is facilitated by having a local public school, not having one makes it more difficult to organize. And if parents were to do so and be successful at gathering contiguous neighborhoods into a single school, how would the outcome be different from the local public school?

One difference is that private, supplementary payments for tuition beyond that covered by the basic, state-funded voucher would not be deductible from federal income taxes, as property taxes are. Most people do not itemize deductions, though, so the deductibility of a local increment of property taxes seem less than decisive. A more decisive difference would be that a private school with a local monopoly would undermine the rationale for vouchers, which is to provide more competition and choice in education. In order to have competition in most cities, families with vouchers must be able to take them to schools outside their own communities. My argument does not deny that vouchers would provide more competition in the supply of education. I only claim that such a system would reduce the community-specific social capital that the local monopoly public school now provides. Because public schools make "exit" more costly, they promote more "voice" within the community (Hirschman 1970), and exercising that voice makes it easier for residents to exercise it in other community matters.

Schools are hardly the only places where people can get to know their neighbors, and I must admit that we did become friendly with people in our Berkeley neighborhood. It did take more conscious effort on our part, though, and we only ever got to know immediate neighbors, not people many blocks away, as we did when our son was in public school in Santa Barbara. University people that I knew from work in Berkeley were apt to live miles outside of the city, so employment contacts would not have been a good surrogate for public school contacts had we wanted to deal with a public sector problem in the city of Berkeley itself.

My argument sees public schools as providing local social capital only through the networks that parents establish via their children. Children themselves also acquire a network of friends from schools, but in this respect private schools are not much different from public schools. Children who attend private schools are likely to know fewer people in their neighborhood and have to be transported to visit school friends, as my Berkeley reminiscence suggests. But this inconvenience cannot be regarded as an erosion of social capital, since the term "capital" implies a longer term flow of benefits. Schoolmates are undoubtedly social capital in that the benefits last longer than the period of school attendance, but because people are so mobile after they leave school, their network of school friends is not community-specific social capital for most people. Private schools are at least as useful a form of social capital for children as local public schools are.

§5. Social Capital from Private Schools Is Not Community Specific

As long as public-school parents have some reason to get to know other parents, it does not matter what the schools teach. My social-capital view does not view public schools themselves as inculcators of civic virtue in children, though it does not deny that they may do so. In any case, it appears that private schools as they now exist are actually more effective in promoting civic values such as tolerance and public-spiritedness among students (Greene, Giammo, and Mellow 1999). If such values are important reasons for the establishment of public schools, they do not militate against vouchers to facilitate attendance at private schools.

Recent research by David Sikkink (2002), a sociologist at Notre Dame, offers a different challenge to my thesis. Sikkink has national surveys that measure the social capital of parents of children in various types of schools. He compares the social capital indices of parents whose children attend public school with those who attend private schools, including religious schools. Sikkink found that parents of children in private schools, especially religious schools, have considerably more social capital than those whose children attend public school. Sikkink suggests that if we want to increase the social capital of parents, we should encourage private school attendance. Though he does not specifically advocate vouchers in his paper, his results imply that vouchers would increase parental social capital by directing

them to private schools. The thesis of the present paper would seem to be exactly the opposite of his.

One could argue that the higher social capital Sikkink observed among parents of private-school children is caused by selection bias. Only about ten percent of children attend private schools. We know that social capital is higher among the better educated (Glaeser, Laibson, and Sacerdote 2000), and the parents who send their children to nonreligious private schools tend to be better educated than average.

American parents who send their children to religious schools, particularly Catholic and fundamentalist Protestant schools, would almost surely be more politically involved for a different reason. Using the 1996 National Household Education Survey, Sikkink scores the social capital of the respondents' according to whether they have supported a political cause with money, as a volunteer, by attending a rally, by signing a petition, by participating in a protest, or by voting. Respondents got points for each category. One has only to think of the abortion issue for a hint about why parents of religious schools might score higher on such a metric than the parents whose children attend public schools.

But suppose that selection bias does not tell the whole story and that private education actually does create more social capital for the parents than public education. The relevant issue for my question — why vouchers don't succeed — is where that social capital is to be used. My thesis is that creating social capital within the confines of a local jurisdiction is what makes it easier to provide true local public goods.

In most metropolitan areas, private schools draw students from different communities. The twenty-one students of the East Bay Junior Preparatory school came from Berkeley, Oakland, El Cerrito, El Sobrante, Hayward, and Piedmont. My bet is that these parents would have scored high on social capital measures, but the value of the social capital that emerged from school connections was relatively low. If the parents from El Sobrante wanted to contact others in their own city in order to advocate some civic activity, knowing the parents of their child's schoolmates would not be very useful to them. Social capital is useful politically only if it is shared by

many in the same political jurisdiction. My argument hinges on the role of public schools in building community-specific social capital, a role that most private schools cannot fulfill as well.

I concede that the traditional Catholic parochial school probably did create politically useful social capital for parents, especially those whose participation in public school was inhibited by language and religious differences. Most of the children who attended traditional parochial schools lived in neighborhoods contiguous to the parish school. Particularly in larger cities, this meant that most of their parents lived in the same political jurisdiction. And voucher programs that are confined to larger cities (as most are) probably do not reduce the city-specific social capital of the parents. Indeed, they arguably increase it because of the greater parental involvement in private school activities and governance, as Sikkink suggests.

A statewide or national voucher system, however, would surely undermine community-specific social capital in most areas. While participation might be higher for parents of private school children when compared to those of big-city public schools, suburban schools are probably not much behind private schools in this category. Statewide vouchers would threaten the suburban and small city social capital that is created by having most children attend schools within the same borders.

This is consistent with the work of Brunner, Sonstelie, and Thayer (2001), who found that homeowners in the better school districts in Los Angeles County were more opposed to a 1993 voucher initiative than others. They believe that this opposition was caused by a fear that vouchers would undermine the public schools in which they had invested heavily. They had done this despite the limitations imposed by *Serrano* and Proposition 13, as I discussed in section 2 above. The most visible manifestation of their school investment was the higher value of their homes. Brunner, Sonstelie, and Thayer suspected that it was their fear of a capital loss from a voucher system that made homeowners vote against it. Likely so, but the higher value of homes in places with good public schools is may also reflect with

higher levels of community-specific social capital. Good schools are not just for the children; they have a payoff for adults in the form of better local public services.

§6. School Districts Approximate Municipal Boundaries

One objection to my thesis is that school district boundaries do not necessarily correspond to municipal boundaries. Although the school district and the town or city are almost always coterminous in New England and are usually so in the rest of the Northeast and North Central states, school districts usually cover much larger areas in much of the South and West. One might ask, then, whether local governments are more responsive to citizen preferences in cities in which the school district and the municipal boundaries are closely aligned. Is municipal-specific social capital lower in states with bigger districts?

I would not put too much weight on this point, however. Attendance zones in the large-area public school districts of the South and West may correspond to municipal boundaries. One would not want to dismiss the multi-municipal public school districts as sources of local political capital without looking at the subdistrict geography of attendance zones.

Even in states in which school districts are set up entirely by the state government, district boundaries are generally respectful of municipal lines. I found this in my on-site study of municipal incorporations in King County, Washington (Fischel 2001, chap. 10). Most of the ten new cities that were formed between 1990 and 1999 had some connection between the pre-existing school district and the new city's boundaries. Many of the advocates of incorporations pointed out that the proposed city's boundaries included everyone in a particular school district. In two instances, Shoreline and Federal Way, the new cities took the name of their pre-existing school districts. Municipal annexations of unincorporated territory likewise seldom crossed school district borders. And my student researchers found that many of the activists promoting municipal incorporation had also been active in local school affairs.

§7. The Baby Bust Caused Social Capital to Decline

Testing the theory that public schools provide community-specific social capital is difficult for the simple reason that public schools are so ubiquitous. More practical is a test a necessary condition for the theory, which is that people with children know more people and acquire more social capital in their communities. There is a large, lumpy piece of evidence that is consistent with this.

Robert Putnam (1995; 2000) has famously documented the decline in social capital in the United States. His indexes of social capital — voter turnout, group membership, newspaper reading, surveys about trusting others — rose during the post-World War II era and peaked in the middle 1960s. After that, almost all indexes of social capital declined steadily. As Putnam frames the puzzle, "Why, beginning in the 1960s and 1970s and accelerating in the 1980s and 1990s, did the fabric of American community life begin to unravel?" (2000, p. 184).

Putnam's explanations for the decline are candidly inconclusive. He convincingly rules out the cultural revolution of the 1960s, Watergate, family breakup, and women in the labor force. He ends up tentatively blaming television for keeping people at home. The problem with TV as an explanation is that the timing is off by almost a decade. TV-watching grew from nothing to nearly universal in the 1950s, but the decline in social capital began only after 1960. If people were taking a pass on town meeting because they wanted to watch Ozzie and Harriet, the decline should have started in the middle 1950s.

A better explanation for the decline in social capital is the baby boom and the baby bust. The baby boom began in 1946 and peaked in 1958—the largest cohort of children ever born in the United States was 4.3 million in 1958. Total fertility, the average number of births a woman would experience over her lifetime at current rates, peaked in the 1955-59 period at 3.69. To put it another way, average family size was just below four children in the late 1950s.

The group that Putnam identifies as having the most social capital, more than those *before* them as well as after them, are the *parents* of the children of the baby boom. He identifies the cohort born between 1910 and 1940 as "the long civic generation" (Putnam 1995, p. 674). Those born in the years 1925-1930 are singled

out as the "culminating point of this civic generation" (p. 675). It was exactly this cohort that parented the baby boomers. They had more children per family than any other in the period since the First World War. (Total fertility was higher in the nineteenth and early twentieth century, but that reflected a more rural society with high infant and childhood death rates.) Because social capital does not deteriorate rapidly, this generation continues to lead in Putnam's indicators of civic engagement.

After 1958, total fertility began a continuous decline until it bottomed out in 1976 at 1.74. It has rebounded since then, though never exceeding the replacement rate of 2.1. The steep decline in childbearing after 1958 meant that by 1964, there were fewer first graders than the year before, and the decline continued at least until 1981. With fewer children, adults have fewer avenues by which to meet others in their community and fewer reasons to involve themselves in youth-oriented activities. Of course, a parent with only one child will invest more in (spoil?) that child, but the period of active engagement in child-oriented community affairs — chiefly public schools — is going to be shorter for the parents of one child than those of two, three, or four.

Putnam briefly mentions the decline in childbearing as a factor in the decline of social capital, but he combines his discussion of it with changing "family structure," including declining marriage rates and the rise of single-parent families (2000, pp. 276-79). He regards changes in family structure as relatively unimportant in explaining social capital's decline. Putnam does not dwell on the dramatic reduction in the *number* of children parents had after 1958, nor does he distinguish between community-specific social capital and social capital in general.

If the post-1960 baby bust does explain at least some of the decline in social capital of their parents, it is good news and bad news about social capital. The good news is that people have not become inherently more selfish, unless one counts the decision to have fewer children as being more selfish. (Some do consider it that, but others regard having fewer children as being more socially responsible.) The reason for the decline in social capital may be just that there are fewer reasons to be engaged in civic affairs if people have fewer children, and there are fewer pathways

to knowing other adults if there are fewer children to lead them. Viewed this way, the decline in social capital is not as worrisome as some might think.

But it does remain worrisome. The bad news about small families is that social capital spillovers are going to be fewer as people have fewer children. The issue I am concerned with in this paper is not social capital generally, but the community-specific social capital that public schooling promotes. Adults may find alternative ways to build social capital without having school children around, but it is less likely to be that kind that makes local governments work better. Knowing people through work or church or athletic organizations does build a network, but because people in those networks are apt to live in many different municipalities, it does little to help overcome local free-rider problems.

§8. Childless Voters Also Gain from Local Schools

Adults who expect to have no children in the school system, either because their children are grown or because they plan to have no children or to move before they do, nonetheless have an interest in local schools. This is a good thing, since they constitute a majority of the potential voters in most communities; in 1990, only 38 percent of all voting age adults lived in a home with children under age 18. The financial reason for their interest, which I have explored previously (Fischel 2001, chap. 6), arises if they own a home.

As long as the home can be sold to someone who has children, childless people would not find it in their interest to trash the local school budget. If the local school's test scores go south, their home's value goes south along with them. (This assumes that the school's reputation is a durable good, so that sinking the school budget now is something that might take years to repair.) And devaluation hurts: For the vast majority of homeowners, who in turn constitute the majority of voters, their homes constitute almost all of their financial net worth (Engelhardt and Mayer 1998). The impressive thing about American local schools is that the majority of voters who are childless do not usually turn out to save themselves money by voting down local budgets.

The social capital argument offers another reason that childless voters might support schools. The twist here is that it applies to renters as well as owners. If local

schools are the womb of community-specific social capital, then it would pay all residents to defend schools against privatizing alternatives. As long as they suspect that the quality of other (true) local public goods depends on the development of community-specific social capital, adults without children in school would be inclined to oppose vouchers.

Another aspect of American life that my view explains is the ubiquitousness of sports teams attached to public schools. In most of the rest of the world, where public schools are not locally controlled, sports and schools are not closely tied. (Putnam [2000, p. 183] notes that for as much as measures of social capital have declined in the United States, they are still above those of most other nations.) There is no educational reason to connect spectator-sport competitions with schools. One reason for doing so is that school-based spectator sports add to the social capital of the community, including people who have no children in school. Spectator sports are a way by which people get to know one another in any case, but having the sports organized along community lines is a way of building social capital that is useful in that community. A youth sports league system in which teams were picked from any community would be less successful in doing that.

§9. Voucher Financing Misses Childless Voters

Most proposed voucher systems contemplate financing education from either the state or the national government. In this respect, voucher advocates are the same as the reformers on the other side of the political spectrum, who have worked through the courts to centralize funding of education. The left-leaning centralizers, of course, do not propose to give the money to families or undermine the local school's local monopoly. (A notable exception is the embrace of vouchers by Coons and Sugarman [1976], whose earlier work [1970, with Clune] supplied the intellectual basis for *Serrano* and related school-finance litigation.) The problem that both reforms have in common is childless voters. The vast majority of voters in most communities don't have a direct, consumer interest in education.

As I pointed out in the previous section, childlessness is less of a political problem for locally-funded schools. Capital gains from better schools accrue to childless homeowners as well as those with children in school. The same is not true

for statewide funding. Better state schools do not translate into capital gains for homeowners because most homebuyers search within a single state. The switch from local funding to state or national funding thus causes childless voters to lose interest in the schools (Harris, Evans, and Schwab 2001). The political will to fund state or nationally distributed vouchers must come not from the common interest of local voters in their home values, but from state and national politics.

Would state and national funding for schools be as generous as the collective efforts of individual communities? The question at first blush seems ludicrous. The national and even the state governments have superior fund-raising resources, and they need not worry as much as local governments that raising taxes will cause taxpayers to leave their jurisdiction. But they also have a distinct drawback. The state and national governments have a vast array of funding categories, and an even larger array of interest groups clamoring for those funds (Courant and Loeb 1998, p. 115). At the state and national level, education becomes just one more face to feed.

Education does, of course, have a powerful interest group in the state capitols—the education lobby, fueled primarily by teacher unions. Under current, nonvoucher centralization, teacher unions' influence has offset some of the decline in support for education by childless voters. This hasn't improved educational outcomes because unions support spending that benefits their members and only incidentally children's education (Hoxby 1996). Be that as it may, it must be understood that under a voucher system, teacher unions would have less influence because they would have fewer members. Private schools are more difficult for a union organizer to crack than public schools. Thus a state-funded voucher system would have fewer advocates in the state capitol and would thus be more poorly funded.

§10. Local Funding for Vouchers Foregoes Local Control

Voucher enthusiasts to whom I have explained the problem of childless voters reply by saying that the vouchers could be funded locally. A well-funded voucher program would make the homes in that community more valuable, which would in turn draw in the support of childless voters. The prospect of getting large checks from the local government to be spent in any private school would surely make

location in that community more attractive to families with children and bid up all home values. So I concede that it might be possible to structure private-school vouchers to make their financing as attractive to childless voters as a good local public school system.

What remains lost under locally funded vouchers are the true local public benefits of having most children attend common schools within their community. Parents would not know as many people in their own community because most of their children's classmates would be from another community. The true local "publicness" of local public schools would be reduced under any voucher system, whether funded locally or nationally.

Moreover, having a system of locally funded vouchers would surely run into the same objections to inequality that have prompted the education-finance litigation movement. The inequalities would be at least as glaring as they are in public school funding, but the counter-argument of "local control" would be less persuasive. The *parents* have better control over education under a voucher system—it is a more credible threat to an underperforming schoolmaster to move your child to another school than it is to move your household to another town—but the locality controls nothing but the fund raising.

A locally funded voucher system would not last long in the political arena even if it survived the creative applications of state constitutional law by which nearly half of our state supreme courts have undermined local financing of education. If the public role in education is just to provide the dollars, it is difficult to argue that the dollars should not be equally dispensed everywhere. That requires state or, better yet, national funding. Local funding for vouchers might not be a stable political equilibrium.

If the true public-good aspect of public education is that it provides social capital for providing other local public goods, one can see why school-finance centralization has not induced the voters to embrace vouchers. State-funded systems like those in California and Hawaii at least keep most children in the neighborhood. And even in states with a high degree of centralization, many localities are able to enhance their local schools with private funds (Brunner and Sonstelie 1997). One can also see

why large-scale busing plans are now resisted even by groups supposed to benefit from them. Sending children out of the community weakens the ties of the parents within the community.

§11. Does Social Capital Formation Require Public *Provision* of Schools?

I have so far offered an explanation for why voters might prefer a system of locally-financed public schools over both a state-financed system and a voucher system than lets families choose among private schools. One question remains: Why not have a local public school that is privately run? That is, have the district collect the local taxes but pay them to private entrepreneurs to run the local schools for the community's children. All residents of the community would be entitled to send their children to this system, and the zero-marginal-cost condition would encourage most to attend, thus building up community-specific social capita. Why do we have publicly operated schools?

In fact, there are examples, though hardly a dominant number, of communities in New England that operate by such a system. I know of several schools in Vermont and New Hampshire that have private boards of trustees but are designated the public high school for the community, so that all residents can attend for free. But even there schools have a strong component of local control, with most trustees being elected locally. The exception proves the rule: Public funding seems inevitably to result in public governance. Why?

The answer probably would be illuminated by game theory and industrial organization literature, for the potential problem is that of bilateral monopolies with large fixed assets. Communities could have privately run schools compete for a locality's tax dollars. In order to have schools promote community-specific social capital, though, the competition would have to be winner take all. Much of the social-capital benefit of local schooling would be foregone if children in the same neighborhood attended different schools. A winner-take-all contest, however, puts the private school provider at risk of losing much of his investment if the contract is not renewed. (If the contract is for a long period, then the community would have problems disciplining shirking by the school manager.) Merger of the public and

private sector might be the less costly solution to commitment and monitoring problems.

But another reason for public governance suggests itself. I will call it the Tocqueville (1835) condition, in honor of his observation about local institutions as training grounds for democratic life. Local school boards are where many political figures get their first experience with electoral politics. Much of this experience could be obtained from election to private-school boards of trustees and the like, but the latter's political capital would not be as easily transferred to the local political sector. Political networks are useful for a local school-board member who seeks municipal office. Achieving higher office may be easier if voters in the school district are the same as those in the municipality. The political advantages of exploiting community-specific social capital may be another reason that public governance is the dominant mode of organization for local schools.

The movement towards centralization of school funding has undermined this public-goods aspect of local schools as well. In a state-funded system, the key to obtaining more funds is to lobby your state representatives, not your fellow community members (Timar 1994). Local school boards in states with centralized education financing have little power and get little attention from the voters. The board is less important as stepping stone to local public office. The "advantage" of not having to worry about local budget review is a disadvantage in providing a springborard for political careers.

§12. Conclusion: The Future of Vouchers

The general appeal of vouchers is primarily among people in the academy and experts allied with them. (I exempt here targeted voucher programs for failing inner-city schools, whose champions include the victims of those failures.) It should hardly be a surprise that academics, who commonly regard themselves as citizens of the world and mere sojourners in their particular communities, should be contemptuous of local public schools. The academic left and right seem to agree that there is a national "education crisis" and that the public schools are abject failures.

Polls show that most Americans are worried about other people's schools, not those in their own community (NPR/Kaiser/KSG 1999). They are constantly told by

experts that there is a crisis, so they dutifully believe it even though it does not comport with their own experience. Centralized European systems are lauded despite the fact that universal high school education, which led to America's economic leadership in the twentieth century, was the product of a highly decentralized school system (Goldin and Katz 2001). Obvious historical facts seem not to matter for the crisis mongers. America's alleged educational failures were formerly offered as an explanation for why we were falling behind the Russians in space (circa 1950s) or growing economically less rapidly than Japan (circa 1970s). Nowadays the glaring lack of correlation between the perpetual education "crisis" and American scientific and economic performance is simply ignored by critics of American public schools.

This article is intended to set out a possible explanation for Americans' persistent preference for local public schools. It is intended to be provocative, but there is more here than *epater l'academie*. There are a number of testable propositions:

• Is having children is an important means by which adults acquire social capital? At least one clutch of sociologists suspects that the reason people have children in modern America is to improve the parent's social capital (Schoen et al. 1997), though the same thing might be said for having a cute puppy, too. But it is an empirical question.

• Do public schools actually promote the formation of community-specific social capital? We know that schools in general do that, but if it can be shown that other local institutions can do it as well, then the importance of local public schools is overrated.

• Does having large amounts of community-specific social capital actually help overcome the free rider problem? One might argue that having all of those home-conscious voters who know one another well is often a barrier to providing local public goods. Just ask any developer of a nonstandard land use (a community landfill, for example) what he really thinks of those well-organized soccer moms and dads who have descended upon his public hearing. Only if you think that, on balance, the obstructionism of bottom-up democracy is outweighed by its better side (or if you think obstructionism *is* public spirited) should one care whether education

of the young is done by schools that are publicly run and financed by local governments.

The evidence I have invoked in this paper has largely been what I would call "historical evolutionary" inference. I operate under the suspicion that more or less voluntary institutions that last for a long time might persist for a reason. Local public schools are the product of a long history. It was not a thoughtless history, nor did it lack for experimentation. Americans have tried alternative arrangements in the past two centuries, including private schools, federal grants, and statewide funding (Cubberly 1919; Teachout 1997; Tyack, James, and Benavot 1987). From its earliest days, the system of localism has lived in active tension with state-level egalitarianism, which has long sought to have schools financed equally by the state. Only in the last thirty years have the state courts, in what I regard as misguided attempts at equalitarianism, broken this tension by putting their considerable political capital on the side of centralization of funding.

The renewed interest in vouchers may be an indirect offspring of the decisions of state courts. The centralization of funding over the last thirty years and the subsequent decline in school quality (Husted and Kenny 2000) have energized the private-school movement, which had also long been in a complementary equilibrium with public schools. As a result of this, it seems reasonable to suppose that vouchers will tend to succeed in areas in which the combination of centralization and poor schools overcomes the ongoing virtues of public schools in promoting local social capital. In most areas, however, local salvage operations of the type seen in California will keep the public schools politically viable though wounded.

State supreme court judges, the main force behind centralization and loss of local control, seem inured to any criticism of their school-finance decisions. It seems safe to predict, then, that the pressure for vouchers will continue for a long time. This is hardly a bad thing. The voucher system has many virtues in promoting more individual choice and competition among suppliers. The present paper gainsays none of those virtues. It is merely my purpose to point out that the public's continuing affection for local public schools may not be entirely irrational. However inchoate

"community-specific social capital" may be, voters' regard for its everyday benefits may be what restrains widespread support for a voucher system.

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